DEPARTMENT OF FINANCE AND COMMERCE.

NOTIFICATION.

SEPARATE REVENUE.

Assessed Taxes.

No. 593.

Calcutta, the 5th February 1886.

In exercise of the powers conferred upon him by Act II of 1886, and of all other powers enabling him in this behalf, the Honorable the President in Council is pleased to make the following rules under the said Act :—

1. The time within which amounts deducted from salary, annuity, pension, or gratuity paid by a local authority under section 8, sub-section (1), of the Act must be paid to the credit of the Government of India is fixed at one week from the date of payment of the salary, pension, annuity or gratuity. The payment to the credit of the Government shall be made by remitting the amount to the Collector with a statement giving the following particulars for each person from whom the tax has been realised:—

(1). Name.
(2). Period for which the salary has been paid.
(3). Amount of salary paid.
(4). Amount of tax.

2. The return required by section 10 of the Act shall be in Form A hereto appended.

3. Any sums, such as payments to regimental mess or band funds or the like, compulsorily stopped from salary by the orders, or with the approval, of Government, shall be deducted from the salary previous to assessment.

A portion of salary withheld in pursuance of an order of a Court is not a sum compulsorily stopped from salary within the meaning of this rule.

4. A deduction made from the amount of salary, pension, or annuity liable to assessment on account of a payment made to a life insurance company must be supported by the receipt of the insurance company for the payment and a copy thereof. When the deduction is claimed by a servant of the Government, or of a local authority, the officer paying the salary, pension, or annuity will compare the original receipt with the copy, return the original, and attach the copy to the salary, pension or annuity bill if the payee is a Government servant, and to the statement forwarded with the amount of the tax realised under Rule 1, if the payee is a servant of a local authority.

Where the Collector is satisfied that the original receipt of the insurance company cannot be produced without an amount of delay, expense, or inconvenience which, under the circumstances of the case would be unreasonable, he may accept such other proof of the payment of the premium as he may deem sufficient.

5. The amounts exempted from assessment by section 5, sub-section (1), clause (*g*) of the Act and by rule 4 above shall not be deducted from income for the purpose of determining whether the income is liable to the tax, or of determining the rate at which the tax shall be levied.

6. The amount to be assessed under section 24, sub-section (1), of the Act on account of a building occupied by the owner thereof shall not in any case exceed 10 per cent of the aggregate income of the owner derived from all sources. It will not, however, be understood from this that a maximum of 10 per cent of the aggregate income of the owner is to be considered equivalent to the letting-value of his house. The letting-value will, in all cases, be ascertained on the best data available, in view of the circumstances of the locality in which the house is situated.

7. Salaries, annuities and pensions paid in April 1886, though on account of March 1886, are liable to the tax.

8. After the close of the year of assessment each Accountant General or other auditing officer shall submit Return No. I in the form hereto appended to such officer as the Local Government may direct.

9. The certificates referred to in the second column of Part III of Schedule II of the Act shall be in Form B or in Form C, hereto appended.

10. Any claim under section 5, sub-section (1), clause (*c*) of the Act to exemption from the levy of the tax on the interest of securities employed solely for religious or public charitable purposes within the meaning of that clause must be supported by a certificate from the Collector, which shall be in Form D hereto appended.

11. In the case of securities, the interest on which is payable by the Government of India, the amount deducted on account of the tax under section 13, sub-section (1) of the Act shall be paid to the credit of the Government on the same day as the payment of the interest is made.

12. In the case of securities, the interest on which is not payable by the Government of India, the amount so deducted shall be paid to the credit of the Government within one week from the date on which interest is paid. The person deducting the amount should pay it to the credit of the Government by remitting the amount to the Collector with a statement showing the following particulars :—

(1) Name of owner.
(2) Description of security.
(3) Number of ,,
(4) Date of ,,
(5) Amount of ,,
(6) Period for which interest is drawn.
(7) Amount of interest.
(8) Amount of tax.

13. Interest on securities belonging to Service Funds shall not be assessed.

14. After the close of the year of assessment each Accountant General and Comptroller shall submit Return No. II in the form hereto appended to such officer as the Local Government may direct.

15. In calculating the amount of tax payable the amount due on a fraction of a rupee shall be neglected. Thus the tax to be realised on a monthly salary of Rs. 166—10—8 is Rs. 4—5—2 only.

16. All public servants are forbidden to make public or disclose, except for the purpose of the working of Act II of 1886, any information contained in documents delivered or produced with respect to assessments under Part IV of the said Act, and any public servant committing a breach of this rule shall be deemed to have committed an offence under section 166 of the Indian Penal Code.

17. Power to make further rules is hereby delegated to the several Local Governments.

18. Each Local Government will prescribe forms of registers to be maintained by Collectors and others for the purpose of showing the demand and collections of the tax, the various classes of incomes assessed, and the working of the several provisions of the Act.

19. After the close of the year of assessment each Local Government will submit to the Government of India in the Financial Department a report on the working of the Act.

20. The following returns in the forms hereto appended will be submitted with that report :—

Return I. } As received from the Accountant General or Comptroller or other
,, II. } Auditing Officer.
,, III.
,, IV.
,, V.
and ,, VI.

FORM A.

(RULE 2.)

Return made by the Principal Officer of every Local authority, Company, Public body or Association under Section 10.

Designation of { Local authority / Company / Public body or Association

Name of employé pensioner, annuitant, or receiver of gratuity.	Address.	Salaries.			Pensions or Annuities.		Gratuities.	
		Employment.	Rate of salary.	Dates on which payable.	Rate of pension or annuity.	Dates on which payable.	Amount.	Dates on which paid.

FORM B.

(RULE 9.)

I Collector of do hereby certify that the income of the owner of the security/securities specified below, including the interest on that security/those securities, but excluding income from agriculture, is less than Rs. 500 a year.

Dated (Sd.)

Collector of

Description of security.	Number.	Date.	Amount.

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FORM C.

(RULE 9.)

I Collector do hereby certify that the income of the owner of the security/securities specified below, including the interest on that security/those securities, but excluding income from agriculture, is less than Rs. 2,000 a year.

Dated (Sd.)
Collector of

Description of security.	Number.	Date.	Amount.

FORM D.

(RULE 10.)

I Collector of do hereby certify that the interest on the security/securities specified below, standing in the name of , is employed solely for religious/public charitable purposes.

Dated (Sd.)
Collector of

Description of security	Number.	Date.	Amount.

881

RETURN No. I.

(RULES 8 AND 20.)

Statement showing the Collections of the Tax under Act of 1886, from Salaries, Pensions, Annuities, and Gratuities paid by Government in the 188 —8 .

Class	Income.	Paid by the Government.								Remarks.
		Salaries.		Pensions and annuities.		Gratuities.		Total.		
		No. of assessees.	Amount of tax.	No. of assessees.	Amount of tax.	No. of assessees.	Amount of tax.	No. of assessees.	Amount of tax.	
1	2	3	4	5	6	7	8	9	10	11
	Rs. Rs.		Rs.		Rs.		Rs.		Rs.	
I	500 but less than 750									
II	750 „ „ 1,000									
III	1,000 „ „ 1,250									
IV	1,250 „ „ 1,500									
V	1,500 „ „ 1,750									
VI	1,750 „ „ 2,000									
	Total I to VI.....									
V	2,000 but less than 2,500									
VIII	2,500 „ „ 5,000									
IX	5,000 „ „ 10,000									
X	10,000 „ „ 20,000									
XI	20,000 „ „ 30,000									
XII	30,000 „ „ 40,000									
XIII	40,000 „ „ 50,000									
XIV	50,000 „ „ 1,00,000									
XV	1,00,000 and more ...									
	Total VII to XV ...									
	Grand Total.....									

RETURN No II.

(RULES 14 AND 20.)

Statement showing the Collections of the Tax under Act of 1886 from interest on securities in the year 188 —8

Class.	Rate of tax.	Securities of the Government of India.		Bonds or debentures charged by Parliament on revenues of India.		Securities of Local authority or Company.		Total.		Remarks.
		Amount of securities.	Amount of tax.	Amount of securities.	Amount of tax.	Amount of securities.	Amount of tax.	Amount of securities.	Amount of tax.	
1	2	3	4	5	6	7	8	9	10	
I to VI ...	At 4 pies in the rupee ...									
VII to XV.	At 5 pies in the rupee ...									
	Total.....									

RETURN No. III.

(RULE 20.)

Statement showing the Collections of the Tax under Act of 1886 in the year 188 —8 .

	Amount of Income.	Salaries, Pensions, annuities and gratuities paid by the Government.		Salaries, pensions, annuities, and gratuities paid by local authorities.		Salaries, &c., paid by companies, public bodies, associations, and private employers. Tax levied under— Section 9 (1).		Salaries, &c., paid by companies, public bodies, associations, and private employers. Tax levied under— Section 9 (2).		Profits of companies.		Interest on securities.	Other sources of income.		Total collection of tax.		Penalties by Collector.	Fines by Magistrate.	Total of 17, 18, and 19.	Refunds.	Net collections.	Remarks.
		No. of assessees.	Amount of tax.	No. of assessees.	Amount of tax.	No. of assessees.	Amount of tax.	No. of assessees.	Amount of tax.	No. of assessees.	Amount of tax.	Amount of tax.	No. of assessees.	Amount of tax.	No. of assessees.	Amount of tax.						
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23
	Rs.		Rs.		Rs.		Rs.		Rs.		Rs.	Rs.		Rs.		Rs.	R.	R.	R.	R.	R.	
I	500 but less than 750																					
II	750 „ „ 1,000																					
III	1,000 „ „ 1,250																					
IV	1,250 „ „ 1,500																					
V	1,500 „ „ 1,750																					
VI	1,750 „ „ 2,000																					
	Total I to VI.....																					
VII	2,000 but less than 2,500																					
VIII	2,500 „ „ 5,000																					
IX	5,000 „ „ 10,000																					
X	10,000 „ „ 20,000																					
XI	20,000 „ „ 30,000																					
XII	30,000 „ „ 40,000																					
XIII	40,000 „ „ 50,000																					
XIV	50,000 „ „ 1,00,000																					
XV	1,00,000 and more ...																					
	Total VII to XV...																					
	Total.....																					

RETURN No. IV.

(RULE 20.)

Statement showing the original and final demands and uncollected balances of amounts due under Act of 1886 in the year 188 -8 .

Part of the Act under which the income is assessed.	Original demand.		Revision by Collector.		Revision by Commissioner.		Final Demand.		Penalties by Collector.		Fines by Magistrate.		Arrears of previous year.	Total of Columns 9, 11, 13 and 14.	Collections.					Balance.	Remarks.
	No. of assessees.	Amount of tax.	No. of petitions or objections.	Demand after disposal.	No. of petitions or objections.	Demand after disposal.	No. of assessees.	Amount of tax.	Number.	Amount.	Number.	Amount.	Amount.		Tax.	Penalties.	Fines.	Arrears.	Total.		
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22
Chapter III A and Part I, Schedule II																					
Chapter III B and Part II, Schedule II																					
Chapter III C and Part III, Schedule II																					
Chapter III D and Part IV, Schedule II																					
Total.....																					

56	Jute, flax and hemp	
57	Silk....	
58	Indigo	
59	Spirits, wines and liqueurs ...	
60	Sugar	
61	Tea	
62	Metals and machinery ...	
63	Other articles	
	Merchants—	
64	General	
65	Opium	
66	Piece goods	
67	Grain	
68	Salt	
69	Others	
70	Money lenders and changers ...	
71	News papers proprietors ...	
72	Printers and printing press proprietors	
73	Ship or boat owners	
	Traders in—	
74	Woollen fabrics and dress ...	
75	Building materials ...	
76	Furniture	
77	Metals	
78	Precious Stones and Jewellery	
79	Food	
80	Salt	
81	Spirits, drugs and tobacco ...	
82	Fuel	
83	Animal and vegetable substances (not food).	
84	Books and stationery	
85	Other articles	

* Entries on account of these will be made in columns 16, 36 and 38 only.

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RETURN No. VI.

(RULE .)

Statement of expenditure incurred in the assessment and collection of the tax under Act of 1886 *in the year* 188 -8 .

HEAD.	Amount.	REMARKS.
1	2	3
Establishments		
Travelling allowance		
Contingencies		
Total..		

No. 595.

From—The Secretary to the Government of India, Department of Finance and Commerce.

To—All Local Governments and Administrations.

I am directed to forward copies of the rules made by the Honorable the President in Council under Act II of 1886, and to communicate the following remarks and instructions.

2. The President in Council desires to impress upon the Government of you his great anxiety that special care should be devoted to the assessment and working of the Act especially during the first year of its operation. He attaches the greatest importance to the necessity of exercising caution and moderation in the introduction of the measure. The Government of You are is authorized to entertain such establishments as may be required to ensure that the assessment shall be carefully and equitably made. Money spent in this way will, the President in Council feels assured, give a full return, by preventing inequitable assessments and discontent and by securing the smooth working of the Act.

3. The temporary employment in the working of the Act of persons who do not hold permanent appointments under Government should be forbidden, and all officers appointed for this purpose should be chosen from the permanent staff. A sufficient and trustworthy staff is specially requisite in the Presidency Towns, where so large a portion of the total tax will be assessed, and His Excellency in Council trusts that especial care will be exercised in the selection of the officers charged with the supervision of the work in these towns. It may also be expedient to place an officer of experience on special duty in the Province under the charge of the Government of your charge to supervise the work during the whole or a portion of the coming year, and the President in Council authorizes the Government of you to take this step at once should it be deemed desirable to do so.

4. The President in Council desires that in making the new assessments the results of the assessments made under the License Acts should be utilized to the utmost possible extent, and that they should be accepted as far as possible. Persons inadvertently omitted under the License Tax will, however, be brought on to the list of assessees.

5. In framing rules under the Act the Government of India has intentionally avoided dealing with details, as it is believed that Local Governments are in a better position to frame rules which will suit the varying circumstances of different localities, and as it is undesirable to attempt to lay down general rules on minor matters, applicable to all India, until at least one year's experience of the working of the Act has been obtained.

6. Power has been delegated to Local Governments to make additional rules, and in this connection I am to call the special attention of the Government of your special attention to the provisions of section 18 of the Act which entrust to Local Governments a wide discretion in the making of rules regarding notices either requiring assessees to pay the tax to which they are liable, or calling on persons liable to pay the tax to furnish information regarding their incomes. By means of these provisions it is hoped that the working of the tax may be the better adapted to the circumstances of different parts of the country.

RETURN N

(RULE 20

Statement showing the Classification of Incomes on account of whi

Serial No.	Nature of Income.	Class I, R500 to 750.		Class II, R750 to 1,000.		Class III, R1,000 to 1,250.		Class IV, R1,250 to 1,500.		Class V, R1,500 to 1,750.		Class VI, R1,750 to 2,000.		Total of Classes I to VI.		I
		No. of assessees.	Amount of tax.	No. of assessees.	Amount of tax.	No. of assessees.	Amount of tax.	No. of assessees.	Amount of tax.	No. of assessees.	Amount of tax.	No. of assessees.	Amount of tax.	No. of assessees.	Amount of tax.	No. of
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17
1	Salaries paid by the Government ...															
2	Pension and annuities do															
3	Gratuities do															
4	Salaries paid by Local Authorities ...															
5	Pensions and annuities do ...															
6	Gratuities do ...															
	Salaries, pensions, annuities, and gratuities paid by Companies, public bodies, associations and private employers—															
7	Managers and Assistant Managers ...															
8	Inspectors, overseers and other executive servants															
9	Clerks and accountants															
10	Shopmen															
11	Others															
	Companies—															
12	Banking															
13	Building															
14	Carpet manufacturing															
15	Cotton spinning and weaving															
16	Gas															
17	Hotel															
18	Ice															
19	Insurance—Fire															
20	Insurance—Life															
21	Insurance—Marine															
22	Jute and hemp															
23	Land															
24	Mining															
25	Press															
26	Railway															
27	Shipping and Navigation															
28	Telegraph and Telephone															
29	Trading															
30	Tramway															
31	Others															
	Interest—															
32 *	Securities of the Government of India ...															
33 *	Securities made chargeable on Indian Revenue by Parliament															
34 *	Securities of Companies and Local authorities ...															
	Professions—															
35	Religion															
36	Education and Science															
37	Fine arts															
38	Barristers, Advocates, and Pleaders ...															
39	Other legal practitioners															
40	Medicine															
41	Engineering															
42	Agents															
43	Artisans															
44	Bankers															
45	Builders															
46	Brokers															
47	Carriage builders															
48	Dealers in animals															

. V.

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ch the Tax under Act of 1886 was collected in the year 188 -8 .

No. of	Amount of tax.	Class VIII, to 5,000.		Class IX, R5,000 to 10,000.		Class X, R10,000 to 20,000.		Class XI, R20,000 to 30,000.		Class XII, R30,000 to 40,000.		Class XIII, R40,000 to 50,000.		Class XIV, R50,000 to 1,00,000.		Class XV, R1,00,000 and more.		Total of Classes VII to XV.		Grand Total.		Remarks.
		No. of assessees.	Amount of tax.	No. of assessees.	Amount of tax.	No. of assessees.	Amount of tax.	No. of assessees.	Amount of tax.	No. of assessees.	Amount of tax.	No. of assessees.	Amount of tax.	No. of assessees.	Amount of tax.	No. of assessees.	Amount of tax.	No. of assessees.	Amount of tax.	No. of assessees.	Amount of tax.	
19	20	21	22	23	24	25	26	27	28	29	30	31	32	33	34	35	36	37	38	39		

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Each Local Government must, of course, consider the special requirements of the territories under its control, and frame such rules as may be suitable to meet those requirements, but the President in Council, with a view to the eventual removal of any unnecessary differences in the procedure in different Provinces, desires that the Government of you should forward to all other Local Governments and to the Government of India in this Department a copy of any rules which it may issue.

7. Section 3 (4) of the Act declares the exemption from assessment of travelling, tentage, horse or sumptuary allowance, or any other allowance granted to meet specific expenditure, to be subject to any rules which may be prescribed. This power to make rules was reserved in order to prevent any abuse of the exemption by changing the designation of a portion of salary or otherwise. The power need not be exercised unless it appears that attempts to abuse the exemption are being made.

8. The only condition or restriction prescribed under the power conveyed by section 5 (1) (*g*) of the Act is that contained in rule 5, providing that the exemptions from assessment of fund subscriptions and life insurance payments shall not be taken into account in deciding whether the income is liable to the tax or in determining the rate at which the tax is leviable.

9. It will be observed that salaries, annuities, and pensions paid in April 1886 are liable to the tax even if they are due in respect of preceding months. Payment in advance does not extinguish this liability.

10. The Rules prescribe no conditions under section 9 (2) of the Act regarding arrangements for the collection of the tax from their employés by non-official employers. This proviso was inserted in the Act in order that employers may be induced by the remission or return of a small portion of the tax, and in order to save their employés from avoidable trouble, to undertake the collection of the tax and thus relieve Collectors of the difficulty of dealing directly with a large number of assessees. The intention should be explained to Collectors with instructions that they should endeavour to make such arrangements whenever it may appear feasible; but it will, of course, be understood that no pressure is to be put upon employers to fall into an arrangement under this section.

11. It will be observed that the Rules contain no provision for payment by instalments of the tax leviable under Part IV of the second Schedule. I am to explain that this is left by the President in Council to the discretion of the Government of your discretion; and that it is the desire of the Government of India that every reasonable facility should be given in the matter, the maximum number of instalments, however, in no case exceeding four.

12. No rules have been prescribed regarding composition for the tax under section 31 of the Act. The Government of India trusts that the principle of composition may be extensively adopted, as it is evidently calculated to obviate friction and trouble in assessment, and the President in Council will be glad to have as early an expression as may be convenient of the opinion of the Government of your opinion whether any such rules need be made by the Government of India, or whether they should be left to the Local Government concerned, and in the former case what rules the Government of you propose proposes.

13. The number of companies being few, and it being desirable to have fuller information regarding the assessment of companies than is contained in the general published return, the President in Council requests that the Government of you will forward, each year, separately from the Returns prescribed in the Rules, a return showing the designation and assessment of every company in the territories subject to the control of the Government of your control. This return should not be published.

14. I am also to invite suggestions for the improvement of the classification adopted in Return No. V. These suggestions should if possible reach the Government of India not later than the end of December next, in order that, if any change in the form of the Return is decided on, it may be prescribed in time for adoption in the Reports of 1886-87. The experience gained in making the assessments under the Act may enable Local Governments to propose a preferable classification.

15. The reports on the working of the Act in 1886-87 should be specially full and complete.

D. BARBOUR,
Secy. to the Govt. of India.

Mysore Government Press, Bangalore.—1886.